

Metropolitan Transportation Commission Programming and Allocations Committee

January 13, 2010

Item Number 3a

H.R. 2847: Jobs for Main Street Act

Subject: Potential second round of federal economic stimulus funding.

Background: On December 16, the U.S. House of Representatives passed, by a narrow 217-212 margin, H.R. 2847 to provide a second round of economic stimulus funding focused on job creation. The bill redirects to a variety of purposes \$75 billion in unused Troubled Asset Relief Program (TARP) funds appropriated by Congress in early 2009. Of the \$75 billion, \$37.3 billion (50 percent) would be directed to the U.S. Department of Transportation, with \$27.5 billion for the Federal Highway Administration (FHWA), \$8.4 billion for the Federal Transit Administration (FTA), \$800 million for Amtrak and \$500 million for the Federal Aviation Administration. The FTA and FHWA amounts are the same as provided under the first economic stimulus legislation, the American Recovery & Reinvestment Act (ARRA), which provided a total of \$787 billion for various economic stimulus purposes.

Region Would Receive Larger Share of Transit Funding than under ARRA

Although the total amount directed to FTA is the same as under ARRA, the funds would be distributed differently and this change favors the Bay Area, as shown in the table below:

Dollars in millions

FTA Program	ARRA	HR 2847
Transit Capital Assistance (5307/5311/5340)	\$6,800	\$6,050
Fixed Guideway (5309)	\$750	\$1,750
Capital Investment Grants (New and Small Starts)	\$750	\$500
Transit Greenhouse Gas Reduction Grants	\$100	\$100
Total	\$8,400	\$8,400
Bay Area Share	\$340	\$397

Due to a much larger share of the FTA funds going to the Fixed Guideway Program (FGM) — \$1 billion more than under ARRA — we estimate the Bay Area's share would be approximately \$397 million, about \$57 million more than under ARRA. The FGM program is heavily weighted towards existing high-density rail systems from the more populous states, so it tends to be more strongly supported in the House than the Senate. Therefore, it is certainly possible that the Senate will propose a much smaller share of funds for this program.

Region's Ultimate Share of Highway Funds Unknown

With regard to the highway funds, the bill follows the precedent set by ARRA, requiring that three percent of the total funds be reserved for Transportation Enhancements and 30 percent of each state's total highway funds be suballocated to regions by population. California's share would be approximately \$2.6 billion,

but the Bay Area's final share of the highway program is unknown at this time given the potential for subsequent state legislation, similar to AB 3x20 (Bass) passed in early 2009 that could distribute a larger share of the state's highway funds to regions than required by the federal bill. Under AB 3x20, regions were able to increase the suballocated share to 62.5 percent, the same percentage required under the Surface Transportation Program. If the State Legislature were to enact a similar law, the region's share under the House bill would grow from approximately \$150 million to \$300 million.

Stringent "Use-It-Or-Lose It" Provisions

The bill contains much stricter "use-it-or-lose-it" provisions than ARRA. Whereas ARRA required 50 percent of highway and transit funds to be "obligated" (i.e. officially approved by a federal agency) within 180 days and the remainder obligated within a year, H.R. 2847 requires that 50 percent of such funds be "under contract" within 90 days and the remainder "under contract" within a year.

Preparing the Bay Area for a New Jobs Bill

Given that the House bill includes tighter deadlines than ARRA, the primary focus of any new stimulus funds to the Bay Area will likely be on system preservation activities that can be commenced and completed quickly, such as road resurfacing, bridge repair and bus replacements. Staff has initiated discussions with the transit operators, Congestion Management Agencies, and Public Works Directors to compile a list of ready-to-go, priority project candidates. Staff issued a preliminary request for transit rehabilitation/maintenance and streets and roads rehabilitation and maintenance projects on January 7th. Since there is significant uncertainty about funding levels and specific program requirements or even whether a second jobs bill will be enacted, MTC requested projects totaling the ARRA Tier 1 rehabilitation list, or roughly \$150 million for streets and road projects and \$270 million for transit rehabilitation/maintenance projects. These amounts will help prepare the region to react quickly should the bill gain momentum in the Senate.

In addition, as part of the December Commission action on ARRA delivery, staff was directed to consider a set-aside of future funding (such as the Jobs bill) for those sponsors that had ready-to-go projects submitted to Caltrans local assistance as of the ARRA deadline, as a reward for assisting the region with meeting delivery deadlines. Staff will update the Committee on ARRA delivery and sponsors meeting this requirement at your meeting in January.

Next Steps: The Senate is not expected to take up this legislation before the House and Senate reach agreement on the final terms of the health care bill. In the meantime, we will keep you informed of any new developments.

Attachments: None.